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JULY 1961

DEPRECIATION OF MONEY  
page 182

# COMMONWEALTH DIGEST

and WORLD ECONOMIC REVIEW



Digest  
Spotlight

on

**Sir Edward Boyle**  
Bt., M.P.

Also in this issue:

**THE  
COMMON MARKET**

**FORTUNE FOR NOT  
FARMING**

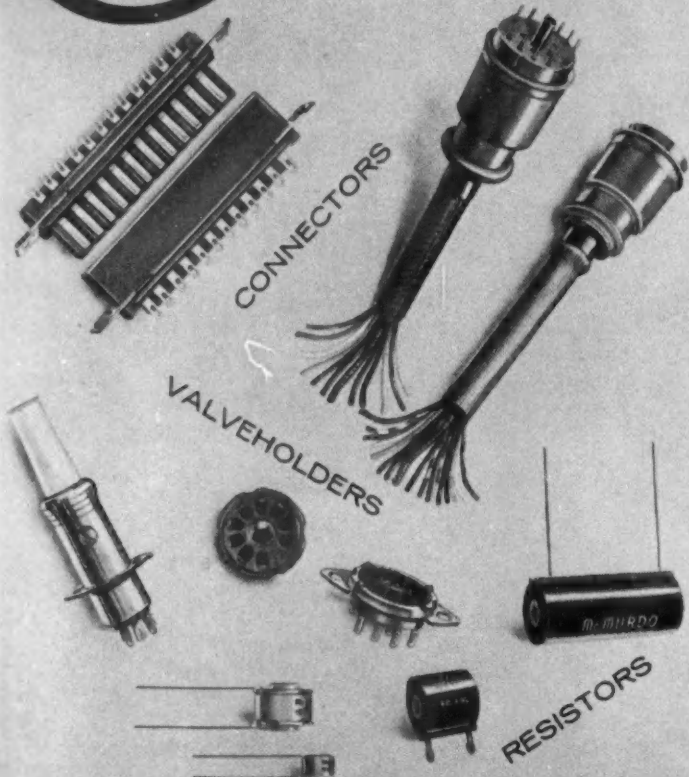
**GOVERNMENT SPENDING**

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## Commonwealth Digest

and World Economic Review

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## TO OUR READERS

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# COMMONWEALTH DIGEST

and

## WORLD ECONOMIC REVIEW

(Founded in 1947 as **ECONOMIC DIGEST**)

JULY, 1961

VOLUME 2

No: 6

*Digest Spotlight focuses on*

### **Sir Edward Boyle, Bt., M.P.**

THE most recent and very successful Economic Research Council occasion was a dinner it gave the Financial Secretary to the Treasury at the House of Lords by courtesy of the Lord Great Chamberlain and one of the Council's senior members, Lord Sempill. Sir Edward addressed the company on the two new economic regulators which the Chancellor of the Exchequer, Mr. Selwyn Lloyd, announced in his first Budget Statement would be held up the Government's sleeve to check excessive demand in times of pressure on the economy.

In his talk and replies to questions Sir Edward showed himself, as on many occasions in the House of Commons, a man of high intellect with a photographic grasp of ideas and facts necessary for statesmanship. He revealed an independent mind free from doctrinaire prejudice.

Sir Edward has gone far fast at an early age. He succeeded his father, the second Baronet, a Balkan expert during and after the First World War, in 1923. Sir Edward's grand-

father was the Conservative Member of Parliament for Taunton early in the century.

Sir Edward went to school at Eton, where he was Captain of the Oppidans, editor of the *Eton Chronicle*, and President of the Political Society. On leaving Eton during the second World War he enlisted as a private in the General Service Corps; he was placed in the Territorial Army Reserve and served from 1942 to 1945 as a temporary junior administrative officer in the Foreign Office.

After the war he went with a history scholarship to Christ Church, Oxford. He is a fluent speaker and became President of the Union and Vice-Chairman of the Federation of University Conservative and Unionist Associations. He was also in a debating team which toured the U.S.A. and Canada in the winter of 1947-48, visiting 57 universities and taking part in 60 debates. In August 1949, Sir Edward became an assistant editor of the first Lord Altrincham's *National and English Review*, where his special responsibility was

to write editorial paragraphs on political and economic questions.

He unsuccessfully contested the Perry Barr Division of Birmingham in the General Election of February 1950, but was successful in November in the Handsworth by-election; he won the seat at subsequent general Elections. Boyle made his maiden speech in the Budget Debate in April 1951, and from then onwards spoke frequently on financial matters. When the Conservatives were returned to power in the autumn of 1951 he became Parliamentary Private Secretary to Mr. Nigel Birch, then Under-Secretary of State for Air, and later Parliamentary Secretary to the Ministry of Defence. In 1953-1954 Sir Edward was in the United Kingdom delegation to the Strasbourg Assembly.

He joined the Government in July 1954, as Parliamentary Secretary to the Ministry of Supply; early the following April came his appointment as Economic Secretary to the Treasury. He held this post until, in protest at the Suez intervention, he resigned. Nevertheless, when Mr. Macmillan formed his first Ministry in January 1957, Boyle was made Parliamentary Secretary to the Ministry of Education, and remained there until the 1955 General Election.

As Parliamentary Secretary to the Ministry of Education, Sir Edward Boyle had the duty of answering for his Department in the House of Commons, since the Minister, then Lord Hailsham, was a member of the Upper House. His term of office coincided with the educational

"bulge" and his Department was concerned with a big school building programme, measures to recruit and train more teachers, and the expansion of technical and technological education.

While at the Ministry of Education, Sir Edward went once or twice to Paris, where he saw various educational institutions and visited UNESCO headquarters. The most recent occasion was in the early summer of 1959 and followed a visit which Sir Edward paid to Strasbourg to attend the Council of Europe's ceremonial inauguration of a separate fund for cultural activities.

Sir Edward has retained his interest in history, and before he joined the Government he contributed a number of full length reviews of historical works to the *National and English Review*. His chief spare-time interest is music; as an undergraduate he sang in the Oxford Bach Choir, and he has a large collection of gramophone records and musical scores. His other recreations include walking and watching County cricket, of which he is a keen follower.

Rosy and Bunteresque, Sir Edward is ever courteous and seems always unruffled. He is heard by all sides of the House of Commons with sympathy for his qualities and respect for his ability.

Whether or not he takes over the important new Department of Technical Co-operation which is to co-ordinate British aid to Commonwealth and foreign countries, Sir Edward has a glowing future.



## Round the Commonwealth

### (1) SIERRA LEONE FACES INDEPENDENCE

SIERRA LEONE has been celebrating her independence and well deserved congratulations have been pouring in from the outside world. She has been welcomed as a full member of the Commonwealth and can confidently expect to join the United Nations shortly. Full nationhood has been peacefully and fairly rapidly attained.

Some doubts have been felt—and a few have been openly expressed—whether the new status of Sierra Leone is economically beneficial to its inhabitants. These doubts, which have been felt mainly within the country, are based on the fact that Sierra Leone is so small, with not more than 2½ million people, and so poor, with an average annual *per capita* income of little more than £15. It is true that the achievement of political independence does nothing in itself to improve the position: on the other hand, the material cost involved need be very small and should be more than counterbalanced by the advantages which derive from the need, which the occasion provides, of the nation taking a new look at some of the country's problems.

#### Not too small

Sierra Leone can be reassured, by looking at her neighbours, that she is not too small for independence. On the one side is Guinea, with much the same population; on the other,

with only half as many people, is Liberia, the oldest independent country on "the Coast". Elsewhere in West Africa lie a dozen ex-French territories, most of which are smaller, both in population and resources, than Sierra Leone. It is, however, to be hoped that feelings of national pride, so rightly felt in Freetown, will not be translated into the multiplication of the number and size of overseas Embassies or the building up of large armed forces: these are the burdens of independence that can weigh heavily on a small country of modest means. The development of the local civil service need not prove to be a heavy financial burden as Britain has recently offered to take over the cost of expatriate advisers and technical experts in the newly independent territories.

Although Sierra Leone at present enjoys a somewhat low standard of living, the economic resources of the country are far from meagre. A good variety of crops are grown, both for subsistence and for cash: rice, groundnuts and cassava are the main food crops, while produce grown for export includes cocoa, coffee, ginger, piassava and kola nuts. Palm oil is an important domestic supply and palm kernels remain the largest agricultural export. The problem of Sierra Leone is that of all underdeveloped countries; it is not so much a lack of agricultural resources as a

*From Barclays Bank D.C.O. Overseas Review*

lack of their efficient exploitation. The dearth of capital, lack of education, isolation from the outside world, archaic or obsolete systems of land tenure and cultivation, all make for a vicious circle which cannot easily be broken.

### Co-operatives

Yet it is not unduly optimistic to suggest that there are signs that a break is being made.

Perhaps the most encouraging feature is the growth of producers co-operative societies; by the use of this medium, slowly but surely, the means and the knowledge can be built up of providing fertilizers, tractors, better methods and improved marketing. The only practical alternative to co-operative production is the establishment of plantations; this is probably a quicker and more efficient method of achieving progress, but is one which involves attracting foreign capital; if carried out extensively, it may develop social strains which may well lead to discontent. One scheme going ahead is the establishment of a 20,000 acre plantation for bananas; the African Fruit Company of Hamburg are investing some £2 million with Government co-operation. There is room for similar schemes if the capital can be found, suitable products being oil palms and, perhaps new commodities such as rubber.

### Bread—

Agriculture will provide Sierra Leone's bread, but is not likely to produce much butter to spread

thereon. For these she must look to mining. Iron ore is present in Sierra Leone and has been mined since the 1930s by the Sierra Leone Development Company Limited. Large sums of capital were invested with no expectation of short-term returns: despite a world depression, the Company not only installed the mining machinery and mill at Marampa, but also built their own port of shipment at Pepel and their own railway of 52 miles from the mines to the port. Annual production has increased to over 1½ million tons worth over £4 million. A new mill is nearly completed at Marampa and the annual capacity will then be 2 million tons and may grow later to 3 million tons.

The Company also hold concessions in the Tonkolili district where deposits of iron ore are known to be substantial and may exceed those of Marampa. Their development would involve another 73 miles of railway and major port extensions: the total capital cost is estimated at £25 million. Much must depend on factors outside the control both of the Company and of the Government, but it seems likely that these major resources will be exploited sooner or later with benefit to employment and to public revenues.

### —and Butter

If iron ore provides the butter for the country's bread, for her jam she depends mainly on diamonds. The most promising feature of the country's economy in the past year or two has been that the organization of diamond production on an economic



and equitable basis has been increasingly successful. Illicit mining has been almost suppressed and the methods of production by the small alluvial diggers have been improved. The Government Diamond Office has provided a satisfactory market for the producers, forcing purchases and exports into legal channels. Purchases in 1960 were valued at nearly £11 million and the legal export of alluvial diamonds was nearly double that of 1959, itself a record year. Production of non-alluvial by the Sierra Leone Selection Trust continued, bringing the total value of diamond exports to some £15 million. The benefit to Government revenue gives hope of the building up of surplus which could be made available for capital development expenditure.

Sierra Leone, now facing independent existence, finds herself with two serious shortages—capital and technical knowledge. To meet both these needs she is bound to require assistance from outside for many

years. The United Kingdom Government has promised grants and loans amounting to £7½ million, which should be sufficient for development schemes that can be started in the next few years. The need for attracting private capital for mining, plantations and new industries is clearly recognized by the Prime Minister, Sir Milton Margai, and his Government: every possible encouragement, including generous and flexible tax concessions, will be given to the foreign investor. Technical aid has also been promised both by the United Kingdom and by the United States. There remains a feeling, however, that more could be done in this field, and done in a more concentrated manner. Last September the Commonwealth Finance Ministers initiated a "Special Commonwealth African Assistance Plan"; it is to be hoped that this will be pushed ahead with real vigour and enthusiasm for the benefit of all the Commonwealth countries in Africa.

## (2) IT'S TEN TO ONE ON DECIMALS

Informed Australian opinion supports a switch to decimal coinage. The Federal Cabinet is now considering report of the Decimal Currency Committee

BY joining the 108 other countries with decimal systems—70 of which have converted since 1900—international trading and banking facilities would be greatly simplified. In this connection, it may be noted that the London foreign-exchange market recently changed from fractions to decimals in quoting North American

and some other foreign currency rates.

On the home front, the greatest single advantage would be the considerable saving in man-hours, as substantiated by many pilot tests. The Australian Postmaster-General's department, for example, found in trial runs that an estimated 18,000 man-

*From News from Melbourne*

hours could be saved annually on counter transactions and clerical work alone.

### **Saving**

Major factor in cutting down clerical work is that the decimal system results in a saving of nearly one figure in every two amounts written. Since the average number of figures per amount is five, saving is about 10 per cent. This is important enough to have led some large Australian firms to adopt an internal accounting system whereby sterling amounts are converted into decimals for calculation purposes, thereafter being converted back into sterling. One manufacturing firm using this system estimates that it saves 4,650 man-hours a year, and that the adoption of decimal currency would result in the saving of a further 6,400.

For housewife and shopkeeper, a decimal currency should make life simpler. Australian women, however, according to a recent Gallup poll, are somewhat hesitant, with only 38 per cent in favour, the rest opposed or uncommitted. School-children might be expected to welcome the abolition of fractions, both vulgar and common, but they should be warned in advance that educationalists believe "it will leave them more time for other studies".

These are compelling arguments for decimals. But the obverse of the decimal coin displays certain problems. In the first place, large capital costs would be involved, chiefly in converting existing accounting machinery.

### **Some problems**

Estimated total of office machines in use and economically worth converting in February 1963—suggested date for the change-over—is 269,000. This operation alone would cost some £A30m. There are ancillary costs. The petroleum industry, for example, estimates that it would have to spend nearly £A2m. converting 64,500 petrol pumps. As more and more office machinery is installed, cost of conversion will rise yearly, so that, if the introduction of the decimal system were delayed until 1970, total cost would be around £A50m.

Against this is the long-term result that new office machinery would eventually cost less. In most cases today it is produced overseas to handle decimal amounts, subsequently having to be extensively modified before it can cope with shillings and pence.

Many experts, such as Sir Lewis Burne, chairman of the Australian Decimal Research Organization, hold that full advantages of a decimal currency will not be realized until a metric system of weight and measures is adopted. At the request of the Victorian Employers' Federation, Sir Lewis is now conducting a study of this possibility.

### **Spanish dollars**

Whatever the outcome of these various deliberations, decimal coinage will not be entirely new to Australia. In 1882, a quantity of Spanish dollars was imported into the growing colony of New South Wales by Governor Brisbane. The dollar was

widely used as international currency at that time and was adopted in New South Wales as the currency standard for both official and private transactions. It was replaced in 1826 when the British Government decided to introduce sterling as the standard coinage.

Opinion of decimals was not invariably enthusiastic in Victorian England. Lord Randolph Churchill, Sir Winston's father, when Chancellor of the Exchequer, complained to Treasury officials: "I could never make out what those damned dots meant".

### (3) PAKISTAN KEEN ON TRADE RATHER THAN ON AID

WHILE Pakistan was seeking assistance for its Five-Year Plan from friendly countries and international organizations, the maximum possible effort was also being directed within the country to utilize all possible internal resources. Thus observed Mr. M. Ayub, Secretary, Ministry of Finance, while addressing the Economic Conference on the Second Five-Year Plan, in Rawalpindi.

Referring to criticism about the large quantum of foreign assistance being sought, he pointed out that it had to be borne in mind that the highly industrialized countries selling manufactured goods were having an advantage over the under-developed countries whose main trade consisted of raw materials in so far as the prices of manufactured articles during the last years had been consistently rising while the prices of raw materials had remained steady, and in certain cases had even registered a fall.

#### Price of raw materials

He pointed out that if the prices of raw materials had kept up with the prices of manufactured goods, the possible additional foreign ex-

change earnings of Pakistan would have equalled the amount of foreign assistance received from different sources during the last years.

Pakistan, Mr. Ayub said, was keener on trade than on aid and he hoped that conditions of trade for raw material producing Pakistan would improve in the coming years.

#### Foreign loans

Referring to foreign loans to provide resources for financing the country's development plans, the Finance Secretary said that in contracting loans the present Government was particularly careful that they did not exceed their ability to repay.

He pointed out that with the present annual foreign exchange earning capacity, Pakistan's ability to repay loans stood at between 40 and 50 million dollars per year.

While borrowing from foreign countries, Pakistan also wanted to have the freedom to purchase in any country it likes. This condition had already been accepted by West Germany and he hoped other loan-giving countries would also find it possible to do the same.

*From Pakistan News Digest*

#### (4) TRAFFIC THROUGH THE ST. LAWRENCE SECTION OF CANADA'S SEAWAY

(Cargo in thousands of short tons)

| UPBOUND:                | 1956    | 1957   | 1958   | 1959   | 1960   |
|-------------------------|---------|--------|--------|--------|--------|
| Iron Ore ... ..         | 2,616*  | 2,490  | 1,526  | 6,195  | 4,315  |
| Other ... ..            | 3,162   | 2,599  | 3,144  | 4,755  | 4,467  |
| Total Up Cargo ... ..   | 5,778*  | 5,089  | 4,670  | 10,950 | 8,782  |
| From Overseas Ports ..  | 417     | 369    | 515*   | 1,894  | 2,076  |
| DOWNBOUND:              |         |        |        |        |        |
| Grain† ... ..           | 4,025   | 2,917  | 4,332* | 6,171  | 6,632  |
| Other ... ..            | 3,696   | 4,186  | 2,760  | 3,472  | 4,897  |
| Total Down Cargo ... .. | 7,721*  | 7,103  | 7,092  | 9,643  | 11,529 |
| To Overseas Ports ...   | 381     | 436    | 540*   | 3,582  | 5,304  |
| Total Cargo ... ..      | 13,500* | 12,191 | 11,762 | 20,593 | 20,310 |
| Total Number of         |         |        |        |        |        |
| Ship Transits ... ..    | 11,650  | 11,546 | 11,245 | 7,452  | 6,869  |
| Number of Foreign       |         |        |        |        |        |
| Ship Transits ... ..    | 846     | 981    | 1,190  | 2,153  | 2,408  |

\*Pre-Seaway record

†Wheat, oats, corn and barley

*From Bank of Montreal Business Review*

#### (5) COMMONWEALTH IMMIGRATION

ON 23rd March, the Home Secretary, Mr. R. A. Butler, gave the following figures of immigrants into the

United Kingdom during the last five years from the West Indies, India, Pakistan, Cyprus and West Africa.

##### Estimated Net Inward Movement

|                      | W. Indies | India | Pakistan | Cyprus | W. Africa |
|----------------------|-----------|-------|----------|--------|-----------|
| 1956                 | 29,800    | 5,600 | 2,100    | 2,800  | 2,000     |
| 1957                 | 23,000    | 6,600 | 5,200    | 1,500  | 2,200     |
| 1958                 | 15,000    | 6,200 | 4,700    | 2,700  | 1,000     |
| 1959                 | 16,400    | 2,900 | 900      | 400    | 750       |
| 1960                 | 49,700    | 5,800 | 2,500    | 3,200  | 550†      |
| †Net outward balance |           |       |          |        |           |

On the same day an answer to another parliamentary question disclosed that in the first two months of this year 4,400 people entered Britain from the West Indies as against

1,900 in January-February 1960: 1,200 as against 175 from Cyprus and 2,950 as against 340 from India and Pakistan.

---

## The Pressure of Population

by Sir ARTHUR BRYANT

THIS country is grossly overpopulated. One has only to walk about our streets of an evening or on a Sunday to realize this. Our young men are earning good wages and are protected against the rigours and chances of life, yet a large proportion of them seem listless, restless and without any interest in their work except that of earning wages.

Surely it is only natural that potential leaders should want to get out into the world to get on, but the majority sink back into a rut of indolence and go-slow which leads to high labour costs and a growing

handicap to the nation in its struggle for foreign markets.

By relieving the pressure of population, even at the expense of letting the best cross the oceans, the field of opportunity for those who remain could be widened. The British way of life and the British belief in freedom and justice will never be safe in the world again until the present dangerous ill-balance of the population of our race has been redressed. A Canada or an Australia with a British population commensurate with their size would be Powers with a far greater capacity for defending liberty and making justice prevail than Great Britain today.

*From The Illustrated London News*

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## Double Standard

MANY in the free world choose not to realize at all that the *Santa Maria* seizure was a typical Communist act. Instead, moved by contemporary mores that stir more tears for one dead Lumumba than for several million dead Hungarians, Tibetans,

Chinese, Russians and Poles, they will choose to believe that Salazar calls all of his opponents Communists automatically, and that Delgado, Galvao and their anti-Western colleagues are basically akin to Robin Hood.

*Everett S. Allen, Standard-Times of New Bedford, Mass., U.S.A.*

## Dangers in an Age of Materialistic "Hyper-Technology"

Extract from an address given by Cardinal BUENO Y MONREAL,  
Archbishop of Seville

WE live in an age of technology; the astounding inventions and advances in the field of industry, in economy, in the conquest of the forces of nature, which would seem to imbue man with divine power, making him sufficient unto himself and needing less of God, is the mark of this age. And herein lies the temptation and the dangers, proceeding as they do from the risk of technology being given the reins, from a technology which is based simply on materialism. The unrestrained cult of technology deceives those who, unaware of the spiritual world about them and within them, are lured by the great material achievements occurring in those countries that are Godless, but place materialism in His rightful place.

But we know only too well that the greatness and excellence of man is not to be found in such material conquests, for these fail to satisfy the desire for truth and love which God has placed in his heart. They are of no avail in the conquest of that immortality which the human soul so much desires; neither do they explain away the grand mysteries of creation and life. Technology is at the service of man, and it is these as fruit of that very intelligence with which God has endowed him and of the wise laws of nature herself, the latter being in themselves the creatures of Infinite Wisdom. But man has been called to higher things, and it is only spiritual values and supernatural life that are able to give full dimensions to man as redeemed by Christ.

### U.S. Foreign Trade

(In Billions of Dollars)

|      |     | Non-<br>Military<br>Exports |     | General<br>Imports |     | Export<br>Trade<br>Surplus |
|------|-----|-----------------------------|-----|--------------------|-----|----------------------------|
| 1955 | ... | 14.3                        | ... | 11.4               | ... | 2.9                        |
| 1956 | ... | 17.3                        | ... | 12.6               | ... | 4.7                        |
| 1957 | ... | 19.5                        | ... | 13.0               | ... | 6.5                        |
| 1958 | ... | 16.4                        | ... | 12.8               | ... | 3.6                        |
| 1959 | ... | 16.4                        | ... | 15.2               | ... | 1.2                        |
| 1960 | ... | 19.6                        | ... | 14.7               | ... | 4.9                        |

*From U.S. Department of Commerce*



## Government Spending

DEMOCRACY has a kind of instinctive distrust of heavy government expenditure. It seems to be prepared to go so far, but little or no further. It knows from experience that government spending often tends to be wasteful and extravagant, not because public officials are by nature more wasteful and extravagant than other people, but simply because they are not subject to the discipline and checks, the crucial test of profit and loss, the close equation between costs and benefits, which apply in other fields of activity.

The people know that more money for government purposes necessarily means more power for public officials. They fear the growth of big government and the spread of bureaucracy. And while they know, and are prepared to concede, that modern society cannot be conducted effectively without big government, they don't want it to become too big. The arguments of the supporters of more government spending may, at first blush, appeal powerfully to the logical faculty and even to the sense of what seems morally right, but, in the ultimate analysis, the brightest and the

most attractive star in the heavens, is the star of personal freedom. And personal freedom for most people consists, in no small part, of retaining the right to spend a goodly proportion of what they earn in the way that they themselves choose.

### Personal freedom

As a great British philosopher pointed out, people do not want a "dictated felicity". They want to be the architects of their own lives. This craving for personal freedom may lead to a world which is far from perfectly ordered; which is in many respects untidy; which is in some senses lacking in proper perspective; which is full of apparent inconsistencies and illogical extravagances; but it is the kind of world which, though abhorrent to the tidy mind of the social planner and reformer, is the one in which most of us prefer to live. And with all its weaknesses and drawbacks, it may well be the best, for it releases something in the individual, some dynamic force, which, in the end, serves the ends of society.

*From I.P.A. Review, The Institute of Public Affairs, Victoria, N.S.W.*

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MR. JOHN RILTON has been appointed Chief Engineer of the Fluidrive Engineering Company. In his new capacity, he will be responsible for Test and Engineering Development in addition to the Design and Drawing Offices. Mr. Rilton joined the Company in 1935. Mr. Maurice Mizen, as Chief Test Engineer, will be responsible, under Mr. Rilton, for both Test Bed Management and Engineering Development.

## The Common Market

### (1) PRODUCTION VERSUS CONSUMPTION

THE major reason given by the supporters of the view that Britain should go into the Common Market is the size of the market and the rapid rate of industrial growth. Mr. Edward Heath in the recent Foreign Affairs debate in the House of Commons spoke of "a powerfully developing group of nations" . . . "over 170 million people compared with 50 million in the U.K. and rather under 90 million in E.F.T.A. as a whole". It is, of course, true that the Six Common Market countries are expanding, but it is all too readily assumed that this is the direct result of the Treaty of Rome. While this has played a part in their economic growth, it is by no means the only reason for expansion, which could, in fact, have taken place even if the Rome Treaty had not existed.

Equally, the fact that the European Economic Community is expanding rapidly at the moment does not necessarily mean that this expansion will continue for all time. In fact, it is unlikely to do so unless the countries concerned find some way of dealing more satisfactorily with the underlying economic problems which confront the free world. Supporters of the view that Britain should enter the Common Market seem to have the idea that provided the size of the unit is big enough the economic problems are thereby solved. That this is not so is amply proved by reference to the

United States. Here indeed we have a massive market, allied to enormous potential wealth. If we take a look at the present position of the U.S.A., however, it would not appear that they have succeeded in solving their economic problems.

#### Surpluses

Vast surpluses of agricultural products, referred to as "burdensome surpluses" are a constant source of acute embarrassment to the U.S. authorities, and storing is a major problem. They seek to solve this dilemma by paying farmers not to produce more food. Senator John Williams recently told the U.S. Congress an extraordinary story of an American farmer who made a fortune out of not growing food by a perfectly legal means of collecting payments for keeping land idle under the "soil bank" scheme.

On the other hand, there are millions of people in the U.S.A. living in conditions which have not been seen in Britain since the depression years of the 20's and 30's. Unemployment has increased, balance of payment problems have arisen, resulting in efforts to cut down overseas expenditure and increase exports. These facts do not indicate that the existence of a large market, abundant resources, even with centralised political control, necessarily means that continued ex-

pansion and economic growth are ensured

If one had ventured to prophesy in 1950 that the U.S.A. with its immensely strong economy, its powerful dollar currency, its vast capacity to produce wealth, would, by 1960, find itself experiencing an out-flow of gold of serious dimensions with the dollar under pressure, such a prophecy would have been laughed at. Yet this is exactly what has happened, and the solution to these problems is not yet in sight.

### Limitation of Production

Is the expansion at present taking place in the European Economic Community likely to run into similar difficulties? In a recent report in the City columns of the *Times* it was estimated that by 1965 Europe would be producing an annual surplus of 1,500,000 cars and that limitation of production was the only answer. Is this also the answer to the increase in food supplies and in other sectors of production? If so who decides where and to what extent the various countries concerned in a politically integrated Europe should contribute to this limitation of their production? "Any nation which comes into the Common Market", says Professor Hallstein, "is accepting a far reaching political commitment". He went on to tell an audience in the U.S.A., "We are not in business at all, we are in politics". He also made it clear that, in his opinion, "A single large home market lay at the heart of economic integration. But it involved political issues in itself".

The advantages of political control of the larger area is clear. Decisions made in the economic sphere can be enforced on minorities. This would be impossible if the countries concerned had remained political entities. The disadvantage is that the underlying economic problems often remain unsolved and these cause considerable suffering to minorities whose economic life is disrupted and who have no redress.

Even within the United Kingdom itself these difficulties arise. To listen to a debate in the House of Commons when the economic problems of Scotland, Wales or Northern Ireland are under discussion is proof that these areas have economic problems which need special measures, not readily forthcoming from the central Government at Westminster.

### Systems Based on Scarcity

Underlying all these problems is one central fact. The world in the 20th Century has largely overcome the problem which predominated in previous centuries. That is, the problem of producing wealth. The scientist, the engineer and the technologist have made it relatively easy greatly to increase the supply of goods and services of all kinds. Yet, in the sphere of consumption, both in its internal and international aspects, we continue to operate systems based upon scarcity. If more attention was paid to finding ways and means of dealing with this problem and less to try and overcome its ill effects by the formation of larger and larger units, the solution

*From Monthly Bulletin, Commonwealth Industries Association*

to our difficulties could be in sight.

These are matters of immense concern to Britain with our tremendous responsibilities to the overseas Commonwealth, with its 660 million people, many of whom live in great poverty. There is no need to integrate this large area of the world into a political unit to create a dynamic and rapidly growing market. The need is

there, so is the capacity to produce wealth to meet this need to an ever-growing extent. What is wanted is a system of payments to bring these two factors together. This would make a greater contribution to world peace and prosperity than would Britain in subordinating its freedom of action to either a European or Atlantic consortium.

## (2) TRADE WITH THE COMMONWEALTH AND EUROPE

by the Hon. G. A. DREW, Q.C.

BRITAIN sold goods last year to the present members of the Commonwealth with a value of £1,337,887,551. That is more than £300million above the total figure for all exports to every country in Europe west of the Iron Curtain. Sales to Canada last year were £50 million more than the total British sales to Germany, which is the best European customer. Sales to Australia were £100million more in value than those to Germany. Sales to the United States far exceed those to any country in Europe. Last year they amounted to £326 million. That compared with sales of £213 million to Canada. In this connection I would like to emphasize a very significant point. Believe it or not, I have actually been confronted with the statement on occasions when I have been emphasizing the opportunities on the Canadian market, that we are not anxious to buy British goods. It should therefore be recalled that on a per capita

basis our purchases from Britain are seven times those of the United States.

Let us look at New Zealand. Last year Britain sold more to them than they did to France, Italy or Holland, and we should remember that New Zealand has a population of less than 3 million people, so that again on a per capita basis the sales to New Zealand are amongst the highest in the world.

Every Canadian shares with every citizen of Britain the hope that there will be a strong, vigorous and prosperous Europe working closely together for its own advancement and security. But in considering this problem of trade surely one of the first things we should examine carefully is the reasonable prospect for future expansion.

What are the prospects for widely expanding markets in Europe. Europe today is heavily over-populated. It has

*Extracts from a speech to the Canadian Chamber of Commerce in  
Great Britain*

comparatively few raw materials of its own for its industrial production. Its reserves of industrial energy are limited. Nevertheless, with a combination of research and great industrial skill, there is every reason to hope for

a steady increase in the value of production and the earnings of their people. But the possibilities of expanding population, production and economic growth, must be measured with an eye on these limiting factors.

## Prophetic Vision

by Prime Minister DIEFENBAKER

THERE is something which Canadians should not forget—the part which Canada has played in building the Commonwealth. We were pioneers. We worked for nationhood but without aggressive nationalism and without insisting on a rupture of our connections with the Crown.

Sir John A. Macdonald was the first, if not the chief, architect of the Commonwealth we know today, and on April 19th, 1851, in the Assembly of Upper Canada, he gave his prophetic vision of the Commonwealth to be:

'We are fast ceasing to be a dependency and are assuming the position of an ally of Great Britain. There will thus be formed an immense Confederacy of Free Men, the greatest Confederacy of civilized and intelligent men that has ever had an existence on the face of the globe.'

The fact that a new and daring

conception of this kind could emerge in Canada at that time is proof that freedom is its greatest contribution to the advancement of mankind. Of all the empires of history the British Empire can be said to have been unique in that it was the first to be dissolved by the expressed will of the people of the administering nation. When completed, this historic achievement, which is still in progress, will be a greater one than was the creation by a nation of shopkeepers of the greatest nation that the world has ever seen.

Too few there are who realize that in 1776, after Lexington, Concord and Bunker's Hill, one of the greatest Americans of English origin, Benjamin Franklin, placed before the throne in London the Olive Branch Petition which in its content was almost identical with the Statute of Westminster which 155 years later was adopted as a foundation of the Commonwealth.

*From Canadian Weekly Bulletin*

## Rural Economy

### (1) FORTUNE FOR NOT FARMING!

AN astonishing tale of how an American farmer has made a fortune from not farming was told in Congress recently by Senator John Williams. It was all quite simple and legal; indeed, U.S. Government officials checked over the plan in some detail before it was put in operation.

Mr. Wayne E. Tallman bought a 7,000 acre ranch in Colorado for nearly \$140,000, arranging to pay by instalments spread over ten years. Then he arranged to place half the acreage in the "soil bank"—in other words, to leave it idle—and for those unused acres he will receive \$271,000 from Uncle Sam during the next ten years, nearly twice as much for half his land as he paid for the whole ranch.

Under soil bank law not more than \$5,000 can be paid to any one farmer for not farming, and so Tallman simply split his acreage into smaller units, leasing them to tenants who signed contracts agreeing to hand over their soil-bank receipts as cash rental. Over the 10-year period the U.S. Government will pay \$70 per acre for what was put in the soil bank. Mr. Tallman bought the land for \$20 an acre. He is left with about 3,500 acres to farm.

#### American "invasion"

This incident was reported by the Toronto *Financial Post*, March 18th. Elsewhere it carried an article about the American "invasion" of the

Canadian prairies. It appears that some U.S. wheat farmers, finding themselves and their machinery idle after placing their land in the soil bank, cross the border, lease land in Canada and produce a crop there. The machinery crosses duty-free. If they grow certified seed grain, they can take it back, duty-free and sell it in the U.S. If they grow ordinary grain they can sell it in Canada and receive acreage payments when these are paid. Either way they get paid twice—once for not growing grain, and again for growing it.

There is also a trend, though how widespread is not known, for U.S. individuals and corporations to buy land in Canada near the border for wheat farming. The *Financial Post* explained: "Chief reason for the U.S. buying spree is the sharp difference in land values between border areas in Canada and the U.S. This is the indirect result of differences in price support policy by the two countries. The Canadian farmer gets a farm price for his grain that is the export price less the cost of shipping, storing and marketing through the Wheat Board. There is no element of indirect subsidy, except the 7s. or 8s. a bushel that represents storage costs covered by the government under the Temporary Wheat Surpluses Act and the acreage payments when they occur).

"The U.S. farmer gets a farm price directly supported by the U.S. gov-

*From Land and Liberty*



ernment, which guarantees a price, and also pays most off-farm storage costs. The difference at farms in the middle-west is about 50s. bu. Rising price supports in the U.S. have been capitalized back into land prices. Value of farm land in the U.S. reflects the high support price for grain. To U.S. farmers, comparable land in Canada looks like a bargain. It's estimated that the difference in price may be \$15-\$20 an acre."

Later the *Financial Post* com-

ments: "From the seller's point of view, the U.S. buyer is a welcome bidder. But rising land values create difficulties for the Canadian farmer seeking more land to make a more efficient unit, or the young farmer starting out. . . . The higher the price the farmer has to pay for land, the higher the fixed costs he has to cover, and the larger the investment he must make to have a money-making farm. This is what worries both governments and farm groups."

## (2) FORUM FOR FOOD PRODUCERS

TODAY there are over 800,000 cultivated allotments in England and Wales. This widespread interest and the profitable use of leisure time in producing fresh food for the family has led the Minister of Agriculture, Fisheries and Food to re-constitute the post-war National Council for Domestic Food Production as a standing advisory body.

The Council will concern itself with measures to foster the production of food in gardens and allotments in England and Wales, co-

ordinate the work of the various national organizations in the movement and generally advise the Minister on all matters relating to domestic food production.

The Council consists of nine representatives from national organizations, two from local authorities associations and nine independent members nominated by the Minister. The Minister has appointed Earl Waldegrave, T.D., D.L., Joint Parliamentary Secretary to the Ministry, to be Chairman.

## (3) BANANAS FOR BRITAIN : IMPORTS HIGHEST SINCE 1937

THE general trend in world fruit production continues upward, and a related upward movement is evident in the total quantities of fruit entering international trade, according to the Commonwealth Economic Committee's annual review *Fruit*, 1960\*.

World citrus fruit production in 1959-60 exceeded 18 million tons, which was twice the pre-war average: output of deciduous fruit (apples, pears and stone-fruits) has risen almost by the same proportion.

World exports in 1959 of fresh,

\* *Fruit*, 1960 (No. 11). Price 10s (9d postage). From HM Stationery Office or the Secretary, Commonwealth Economic Committee, Marlborough House, Pall Mall, London, SW1.

From *British Farmer* (National Farmers' Union)

canned, dried and frozen fruits and fruit juices were the equivalent of about 12.9 million tons of fresh fruit, an advance of 1.1 million tons on 1958, and representing an increase of 57 per cent over the 1934-38 average; fresh fruit represented approximately three-quarters of this total, and the fresh trade was in fact the only sector responsible for the large rise compared with the previous year.

In fruit products trade was rather less buoyant, with total exports of dried fruit and fruit juices at much the same levels as in 1958, while canned fruit met depressed markets which checked the previous rising trend in sales from the major producers. The Commonwealth share of trade in all forms was a little lower, reflecting in the main poorer crops.

In terms of fresh fruit equivalent, Commonwealth exports in 1959 totalled 1,550,000 tons, as against 1,620,000 tons in the previous year. Rather better crops and improved markets in 1960, however, resulted in considerably heavier Commonwealth exports.

United Kingdom fresh fruit imports, which for some years had shown little variation at around 1,100,000 tons, rose by 11 per cent in 1959 and by a further 3 per cent in 1960, when they reached 1,233,000 tons. The rise was chiefly in supplies of citrus fruit and bananas; receipts of the latter surpassed in 1959 for the first time the highest pre-war level of 325,000 tons achieved in 1937 and increased further in 1960.

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## Plan for Monetary Reform in Finland

ON the initiative of the Bank of Finland, the Government has in principle decided next autumn to submit a proposition to the Diet concerning the laws which have to be enacted for the carrying out of a monetary reform.

According to plan, the monetary unit is to retain its traditional name, "markka", and will be equivalent to 100 present marks. The new mark will be divisible into 100 pennis; one penni will thus be equivalent to one present-day mark. Through the monetary reform, all prices, wages, tariff quotations, rates of exchange,

etc., will be reduced to one-hundredth of their respective former values. With regard to their main characteristics, the new banknotes will correspond to those currently valid; for instance, the present banknote of 1,000 marks will be replaced by an essentially similar one of 10 new marks. Existing bank-notes and coins will remain in circulation as legal tender at one-hundredth of their nominal values until they are changed for new ones as they revert to the Bank of Finland. It is proposed that the monetary reform will come into force on January 1, 1963.

*From Bank of Finland Monthly Bulletin*

## How to Sum Up a Superior

or

### ON PLEASING EVERYONE

\* If he's late for work in the morning, he's taking advantage of his position. If he gets in on time, he's an eager beaver.

\* If the office is running smoothly, he's a dictator. If it's not, he's a poor administrator.

\* If he holds regular staff meetings, he's in desperate need of ideas. If he doesn't, he doesn't appreciate the value of teamwork.

\* If he spends a lot of time with the boss, he's a back-slapper. If he doesn't, he's on his way out.

\* If he goes to conventions, he's on

the gravy train. If he doesn't, he's not important.

\* If he tries to get more personnel, he's an empire builder. If he doesn't, he's a slave driver.

\* If he's friendly with office personnel, he's a politician. If he keeps to himself, he's a snob.

\* If he tries to cut red tape, he has no regard for system. If he insists on going through channels, he's a bureaucrat at heart.

*\* If he enjoys reading this, he has a good sense of humour. If he doesn't think it's funny, he is entitled to his opinion.*

*From The Bailey News, Bailey (Malta) Ltd.*

## Economic Research Council

### ISSUE OF OCCASIONAL PAPERS

THE Council is issuing a series of Occasional Papers contributed by individual members on subjects of general economic interest. These publications will be available to members of the Council and others interested. To cover printing and postage a payment of ten shillings will be made to cover ten issues, individual copies 2/- post free.

In connection with these publications some informal discussions will

take place in London. Full details will be sent to those who notify the Secretary that they would be interested to attend.

Now available:—

No. 1 on Export Incentives;

No. 2 on Monetary Policy.

Enquiries to the Secretary,

Economic Research Council,

55 Park Lane, London, W.1.

## Depreciation of Money

THE following table presents our annual review of comparative rates of depreciation of money, in this instance covering 43 countries, 1950-60. The shrinking of currencies is measured, inversely, by the rise in cost-of-living or consumer price indexes as reported by the various governments. Year-to-year indexes of living costs for 18 countries are shown in the chart.

The U.S. dollar has been shrinking at an annual rate of 2.1 per cent. Belgium, Germany, and Canada are among the industrial nations experi-

encing about this same rate of depreciation, one that means a loss of half the value of the currency in 33 years. Upward price pressures were measurably greater in 1950-55, but since then have been retarded, in Italy, the Netherlands, Japan, the United Kingdom, and Sweden.

In eight cases, the shrinkage in the value of money exceeded 10 per cent per year compounded, with results of shaving anywhere from two-thirds to 99 per cent of the buying power of the currency unit over the decade.

|                       | Indexes of Value<br>of Money |      |      | Annual Rates of<br>Depreciation<br>(Compounded) |         |         |
|-----------------------|------------------------------|------|------|-------------------------------------------------|---------|---------|
|                       | 1950                         | 1955 | 1960 | '50-'55                                         | '55-'60 | '50-'60 |
|                       |                              |      |      | %                                               | %       | %       |
| Philippines ... ..    | 100                          | 104  | 94   | -0.8                                            | 2.1     | 0.7     |
| Ceylon ... ..         | 100                          | 96   | 93   | 0.8                                             | 0.6     | 0.7     |
| Portugal ... ..       | 100                          | 101  | 92   | -0.2                                            | 1.9     | 0.9     |
| Guatemala ... ..      | 100                          | 91   | 91   | 1.8                                             | 0.0     | 0.9     |
| Switzerland ... ..    | 100                          | 92   | 87   | 1.6                                             | 1.1     | 1.4     |
| Ecuador ... ..        | 100                          | 83   | 84   | 3.7                                             | -0.2    | 1.8     |
| Belgium ... ..        | 100                          | 90   | 83   | 2.1                                             | 1.7     | 1.9     |
| Germany ... ..        | 100                          | 91   | 82   | 1.8                                             | 2.2     | 2.1     |
| India ... ..          | 100                          | 106  | 81   | -1.1                                            | 5.1     | 2.1     |
| Lebanon ... ..        | 100                          | 103  | 81   | -0.6                                            | 4.7     | 2.1     |
| United States ... ..  | 100                          | 90   | 81   | 2.1                                             | 2.1     | 2.1     |
| Canada ... ..         | 100                          | 88   | 80   | 2.5                                             | 1.9     | 2.2     |
| El Salvador ... ..    | 100                          | 78   | 77   | 4.8                                             | 0.2     | 2.5     |
| Pakistan ... ..       | 100                          | 90   | 75   | 2.0                                             | 3.6     | 2.8     |
| Italy ... ..          | 100                          | 82   | 75   | 3.9                                             | 1.8     | 2.9     |
| Netherlands ... ..    | 100                          | 85   | 74   | 3.2                                             | 2.6     | 2.9     |
| Denmark ... ..        | 100                          | 83   | 71   | 3.7                                             | 3.0     | 3.3     |
| South Africa ... ..   | 100                          | 79   | 71   | 4.6                                             | 2.1     | 3.4     |
| Ireland ... ..        | 100                          | 79   | 69   | 4.7                                             | 2.5     | 3.6     |
| Japan ... ..          | 100                          | 74   | 67   | 5.8                                             | 2.0     | 3.9     |
| United Kingdom ... .. | 100                          | 76   | 67   | 5.2                                             | 2.6     | 3.9     |
| New Zealand ... ..    | 100                          | 75   | 65   | 5.6                                             | 2.7     | 4.2     |

*From First National City Bank Monthly Letter*

|                |     |    |    |      |      |      |
|----------------|-----|----|----|------|------|------|
| Norway         | 100 | 74 | 64 | 5.8  | 2.8  | 4.3  |
| Sweden         | 100 | 76 | 64 | 5.3  | 3.5  | 4.4  |
| Spain          | 100 | 88 | 61 | 2.6  | 7.1  | 4.9  |
| Austria        | 100 | 67 | 60 | 7.8  | 2.1  | 5.0  |
| Finland        | 100 | 80 | 58 | 4.3  | 6.3  | 5.3  |
| France         | 100 | 76 | 57 | 5.3  | 5.5  | 5.4  |
| Greece         | 100 | 64 | 57 | 8.6  | 2.2  | 5.4  |
| Australia      | 100 | 66 | 57 | 8.0  | 3.0  | 5.5  |
| Colombia       | 100 | 81 | 52 | 4.0  | 8.6  | 6.3  |
| Iran           | 100 | 68 | 51 | 7.4  | 5.7  | 6.6  |
| Mexico         | 100 | 65 | 49 | 8.3  | 5.2  | 6.8  |
| Peru           | 100 | 71 | 47 | 6.6  | 7.8  | 7.2  |
| Turkey         | 100 | 78 | 41 | 4.8  | 12.2 | 8.6  |
| Israel         | 100 | 39 | 32 | 16.7 | 3.9  | 10.8 |
| China (Taiwan) | 100 | 45 | 28 | 14.9 | 8.8  | 11.9 |
| Uruguay        | 100 | 59 | 21 | 10.0 | 18.4 | 14.3 |
| Brazil         | 100 | 45 | 15 | 14.6 | 20.3 | 17.5 |
| Argentina      | 100 | 44 | 9  | 15.3 | 27.6 | 21.7 |
| Paraguay       | 100 | 14 | 8  | 33.0 | 11.1 | 22.8 |
| Chile          | 100 | 18 | 5  | 29.1 | 23.6 | 26.4 |
| Bolivia        | 100 | 7  | 1  | 40.5 | 34.6 | 37.6 |

Note: Depreciation computed from unrounded data and measured by reciprocals of official cost-of-living or consumer price indexes

## Readers' Commentary

### THE SPACE RACE

Sir,

Assume the following to be true:

- (1) That America and Russia are competing for world control;
- (2) That both have enough nuclear weapons to pulverize each other several times over;
- (3) That these are only to maintain the balance, both having decided that major war is out;
- (4) That the impetus behind the space race is military. Experience shows that national effort on this

scale is nowadays not made for any other purpose.

If then Russia and America can threaten each other with total destruction, why the gigantic effort in space? Is the whole space race a huge Russian decoy? Is domination of space not the real objective? If war is out, the only way to world control is economic. For some years the Russians cannot hope to compete economically with the U.S.A., if the Americans really give their minds to it. Russia's

aim must be to prevent them giving their minds to it until she is ready to compete.

Nothing is more calculated to divert the scientifically minded American nation than a space race. Being a democracy, America is largely governed by emotion and cold logic about winning over the hungry two-thirds of the world by lavish economic support does not stand a chance against the emotional impact of Russian success in space, however pointless may be the vast expenditure required.

Of course the evidence is not so clear cut as this. Certainly both powers are already spending heavily on foreign economic aid but the American heart is not in it enough to turn their grain surplus, for instance, from an embarrassment into a heaven-sent weapon. Meanwhile, the Russians proclaim that their major effort is diverted to overtaking

American productivity as soon as possible. Why? American production is so excessive that it is an abrasive in their social machine more often than a lubricant. Without some unmarketable effort like war or a space race they are always on the edge of a slump. Effort devoted to setting up the backward countries would be as effective and far more rewarding.

This is seemingly the Soviet aim and no arbitrary financial conventions will be allowed to stand in the way—as soon as the Russians are ready.

In time a cloud of expended satellites perpetually circling the earth may be a permanent memorial to the fatal democratic inclination to put last things first.

Yours faithfully,  
J. K. McA. Tod.

Rowlands Gill,  
Co. Durham.  
18th May, 1961.

## THE LAW OF SUPPLY AND DEMAND

Sir,

I was interested to read Mr. R. F. Bartlett's commentary on Eric De Maré's letter, and on the Law of Supply and Demand, which appeared in your April issue.

Today we are witnessing, side by side with inflation, a chronic shortage of purchasing power. If Mr. Bartlett takes the trouble to enquire, he will find that very many retailers have this year suffered a loss of trade, and a dropping off of consumer demand: nor will he find shops empty, nor in many cases short sup-

plied. And if he will examine the Annual Statements of many firms, he will discover that the profits of a fairly high proportion of them have been less this year, and that surplus stocks have generally increased. Rising prices therefore have not been due in the first place to an increased demand, but to increasing 'costs', despite more efficient methods and means being incorporated into businesses. This is followed by an increased money supply, and is not caused by it: and the increased money supply is not sufficient to set



a high level in effective demand. This is where the Law of Supply and Demand breaks down. The same trend is more marked in the U.S.A.

Social Credit is not inflationary as he maintains, for it incorporates a mechanism to combat inflation, as well as demanding that the supply of money be properly regulated by a

National Credit Office set up for that purpose.

A. J. W. CHAVASSE,

Secretary of the  
Social Credit Association.

243 Grays Inn Road,  
London, W.C.1.

4th May, 1961.

### STERLING EQUATION ECONOMICS

Sir,

Mr. Bartlett's letter headed "Supply and Demand" in your April issue, contains some interesting observations on the 'what has so far been' aspect of monetary depreciation.

But when it comes to considering the regulation of this question Mr. Bartlett appears to fade out on the somewhat nihilistic note of 'nothing is easier' . . .

Foundation conditions of economic life as with other sorts of creation are problems of equation—in this case, the equation of the sterling currency and its markets for a fruitful resultant.

So far it has always been tackled as a question of which will you shrink; the currency or its markets?

Up to now evidently, sterling has always lost; and in the process has lost something of its way of life; its continuity; its quality to its quantity; but this in consequence generates all the frustrations and difficulties arising from imbalance—imbalance, because an equation is an equation; and exists only to be solved.

Also it has a solution, as I endeavoured to indicate on my earlier communication—colleries connected to oversea, states by transports describes its market structure and its viability depends upon carriage at all times.

G. C. WESTMACOTT,

Blackrock, Dublin.

1st May, 1961.

### BOOZE AND BOMBS

Sir,

Mr. Bader should be reminded that the subsidiary title of this publication is *World Economic Review*. As long as many countries of the world spend a large proportion of their National Income on 'booze' and 'bombs' surely the editors would be acting unprofessionally in ignoring it.

I was unaware that this publication was biased towards pacifism. If it is I should prefer to cancel my subscription because, as a pacifist, I prefer to read about all shades of opinion.

JOHN PAXTON.

Evercreech, Somerset.

1st May, 1961.

## Digest Reviews

### CANADIAN AFFAIRS

*Canada and the Canadians*, by Alistair Horne. Macmillan; 30s.  
*Canadian Economic Thought*, by Craufurd D. W. Goodwin. Duke University Press (agents C.U.P.); 48s.

The first of these studies on Canadian affairs is described as the profile of a modern nation. The author travelled some 20,000 miles inside the country, visiting all ten provinces and meeting hundreds of people including the Governor-General, the Prime Minister, business men, workers, as well as British immigrants. Mr. Horne's book will provide much valuable information for would-be immigrants from Britain, but additionally he has written a fascinating account of modern Canada and its place within the Commonwealth which will be of interest to a far wider public.

Dr. Goodwin's book examines the development of Canadian economic thought in the years from 1814 to 1914. He shows that Canadian scholars contributed little to the progress of economic science in the years before the first world war; most influences stemmed from England and Scotland and to a lesser degree from France and U.S.A.

### ECONOMIC POWER

*Power without Property*, by Adolf A. Berle, Jr. Sidgwick and Jackson; 15s.

The vesting of economic power in the hands of relatively few directors

of large corporations who have a steadily diminishing responsibility to the owners of share capital is the theme of Mr. Berle's book. He examines the implications of this development in twentieth century capitalism and suggests that "the American and Soviet systems would seem to be converging rather than diverging so far as their organizational and many of their economic aspects are concerned".

### MANAGERS AND MEN

*The Ruling Servants: Bureaucracy in Russia, France—and Britain?* by E. Strauss. Allen and Unwin; 30s.

*The Tyranny of the Majority*, by E. W. Martin. Pall Mall Press; 17s. 6d.

The author of that wise and increasingly topical study, *Commonsense on the Common Market*, examines the nature and growth of political parties as well as the offices of State. In so doing he has made an important contribution to historical as well as social studies. He sees "the reversal of the original balance of power within large organizations in favour of the administrative machine" as more than a technical problem. It constitutes for him "one of the crucial issues of modern society".

Mr. Martin, a well-known broadcaster, is a radical of the somewhat old-fashioned tradition of "Anglo-American fellowship". He recognizes

the value—but so did Marx—of the bourgeois ascendancy but denies the value of its continuance. What he seems to underestimate is heredity and family background as much a source of that ascendancy as snobbery and unearned privilege.

Mr. Martin's book contains suggestions for the integration of an atomised mass society. Both works are helpful to its understanding.

### ENGLAND'S CARNOT

*The Supreme Command 1914-1918*, by Lord Hankey. Allen and Unwin; 84s. the set of two volumes

Lord Hankey's prose is dignified and even but seldom exciting. He was not a man of publicity and heroics but a real power behind the throne. Yet these volumes are as essential to the study of the First World War as the memoirs of Lloyd George—for Hankey and for many the man who won it—and the literary *tour de force* of Winston S. Churchill.

No public servant saw more and knew more than Lord Hankey of the real history of those terrible years and in re-organizing, modernizing and adapting to the wartime needs of a world empire the hitherto vague and uncertain machinery and procedure of British Cabinet government, he has left his enduring mark upon the Constitution and our public life.

This is a great historical work.

### YEARS OF CHANGE

*Mr. Secretary Peel*, by Norman Gash. Longmans Green; 70s.

The period from 1788 to 1850 were

years of great change in Britain's political, economic and social life. Robert Peel was born in 1788 in a world of stage-coaches and highwaymen and lived to see the development of railway travel, the advent of trade unions and income tax. This biography by Professor Gash, which covers the life of Peel up to 1830, provides an intensely interesting and scholarly account of an eventful period in British history which moulded our modern society.

The social forces at work in the early 19th century are clearly shown by the Peel family. "Parsley" Peel, the grandfather of Sir Robert, "a round-faced cheerful yeoman" made a fortune from the cotton industry. His son, a strong-willed and successful manufacturer, pushed his way into country society and in turn, Sir Robert, the third generation, became a leading figure in the governing class of England. Robert Peel had the gifts of integrity and intellect and an immense capacity for hard work and Professor Gash makes clear that he did more than any other statesman to reconcile the new forces in society with its old institutions.

Although this is an expensive book, it is undoubtedly a worth-while investment for anyone with a desire for a clearer understanding of modern problems and their background. A second volume covering the subsequent years of Peel's life is contemplated and it is to be hoped that this will be available in the not too distant future.

### ECONOMIC STAGNATION

*A Socialist Empire: The Incas of*

*Peru*, by Louis Baudin. Van Nostrand; \$8.

"Marx and his followers rave about the freedom that socialism is supposed to bring to mankind, and the communists tell us again and again that 'true' freedom is to be found only in the Soviet system. Professor Baudin shows in what this freedom really consists. It is the freedom that the shepherd grants to his flock". Thus writes Ludwig von Mises in his foreword to this important book translated from the French by Katherine Woods.

The author reconstructs with masterful clarity and insight the rigidly hierarchized, static society of the ancient empire of Peru. The intellectual and moral consequences of an economy planned to the smallest detail, involving detailed regimentation of all material and spiritual forces, the gradual paralysis of initiative and ambition, leading to economic stagnation are shown by the author to be the inevitable outcome of the collectivist regime of the Incas.

With the authority of the State extending itself into every department of life, this produced "a nation of grown-up children" who were deprived of the power to choose or act for themselves, and were thus reduced to the status of cattle in a pen.

The trend in the world today is towards greater centralization and a bigger and better welfare state. This important study of the regime of the Incas does sound a note of warning as to the possible outcome when individual initiative and resourcefulness is no longer allowed to flourish.

The present edition of this work has been expanded and devised in the light of the most recent scholarship and archaeological discoveries.

### GENERAL ELECTION 1967

*Television and the Political Image: A Study of the Impact of Television on the 1959 General Election*, by Joseph Trenanman and Denis McQuail. Methuen; 30s.

The two authors are in the television business and know what they have written about. Now that the two big party machines are showing signs of preparing for another assault on the public mind and the making of images for the democracy to fall down and worship, this book, its data and conclusions, will repay reading. In 1959 the Labour Party won the battle of the screen but not the battle of the polls. And next time?

### APOSTLE OF UNITY

*Fernand Portal (1855-1926)*, translated by Arthur T. Macmillan. Macmillan; 25s.

Those who take an interest in the movement towards closer and more friendly relations between the churches will find this book worth reading. It is the story of a remarkable French Lazarist Priest whose chance meeting with the 2nd Viscount Halifax led to their life-long collaboration in attempts to bring about reunion between the Anglican Church and the Church of Rome. The original book, of which this is a translation, was written by Canon Hemmer and others who were con-

nected with different aspects of Portal's life and work.

### ARABS DIVIDED

*The Arabs in Israel.* Published by the Government Printer for the Information Department of the Israel Ministry of Foreign Affairs.

*Modern Jordan*, by Judge Gerald Sparrow. Allen and Unwin; 25s.

Admittedly Israeli propaganda, this booklet, which has some interesting illustrations, shows that despite the exigencies of uneasy truce and military government the Jewish State gives opportunity to its Arab citizens, Moslem and Christian. We are told, for example, that 1,700 Arab intellectuals have so far received posts in Ministries of the Government.

Judge Sparrow's book is packed with facts somewhat indigestibly offered. But it may be useful to the student and business man as well as to the tourist. The sights of the Hashimite Kingdom are described with detail and with gusto.

### 1820—1880

*The Workshop of the World*, by J. D. Chambers. Home University Library. O.U.P.; 8s. 6d.

Sub-titled 'British Economic History from 1820 to 1880', this small book provides a vivid account of the transition in Britain's economic life from a primarily agricultural and commercial community to a position of the world's industrial, trading and financial centre. It shows the immense strains of the social and political life of the country which this

rapid development caused and which have set the scene for twentieth century Britain.

### EMPLOYMENT

*A Market for Labour*, by D. J. Robertson. Barrie and Rockliff for the Institute of Economic Affairs; 3s. 6d.

Mr. Robertson recommends that employment exchanges should be equipped to go into the market and collect employment opportunities, that unemployment insurance contributions and benefits should vary with income and that benefits should be larger during the first few weeks of unemployment to people with a good employment record. "The regular customers," he says, "would then get a minimum rate of benefit and the stable element in the labour force would be able to review opportunities without uncomfortable feelings about the period of unemployment between jobs.

"An economy can run into heavy unemployment as our economy did in the nineteen-thirties. When freedom to leave a job comes to mean freedom to prefer unemployment, workers may have to put up with bad conditions of work; new recruits to the labour market have difficulty in finding avenues of training that will give them a career; and in the resulting demoralization come bitterness and restrictive practices that may long outlive their origins.

"The only cure is to build up sufficient demand for the products of labour to keep the labour force at work."

### SHORTER SCRUTINY

*The Rich and the Poor*, by Robert Theobald. Muller; 4s. (paper).

The author examines the economic measures needed to enable under-developed countries to increase their productivity and raise living standards. He discusses the division of the world into two major groups: the developed and the under-developed. The main problem confronting the poorer countries, he suggests, is to adjust present beliefs to modern world conditions, but he gives a note of warning of the dangers of trying to introduce the values of one's own society to others.

An interesting chapter deals with inflation. "The most important economic rule," the author says, "is that demand for goods should remain in approximate balance with the possible supply". The book concludes with a plea for the creation of a world community based on the United Nations Charter.

*A Good Time to be Alive*, by Edgar Ansel Mowrer. Sidgwick and Jackson; 15s.

With truly American honesty in self-criticism Mr. Edgar Mowrer, whose broadcasts have made him a familiar friend on both sides of the Atlantic, exposes some of the defects of United States society today. Many of them, including the salacity of emancipated Puritans, are shared by Britain. The style of the book is that of the broadcast rather than of literature and it is therefore somewhat tiresome to read, which is a pity because it contains much of value.

*Great Britain and the United States 1895-1903*, by A. E. Campbell. Longmans; 30s.

Anglo-American relations are of vital importance to the free world and the author of this survey examines the situation existing at the end of the 19th century and the beginning of the 20th century. His book covers three important diplomatic disputes when the U.S. came into violent conflict with Britain; the boundary dispute between Venezuela and British Guiana; the building of the Isthmian canal; and the Alaskan boundary question. In all three disputes, Great Britain gave way completely, and her concessions were scarcely noticed. Mr. Campbell suggests that the simplest explanation of British policy is that Britain gave way to the United States "merely because she could do nothing else, because the demands of imperialism had stretched her resources too far to meet a new challenge".

*On the Loose*, by John Stroud. Longmans Green; 16s.

This is a novel which provides an interesting study of the reactions of an adopted child who has become a source of contention between his 'parents'. A somewhat reserved and secretive boy, his resentment at the callous treatment he receives causes him to run away from home. The author builds up a convincing picture of a young boy, bewildered and insecure, whose acts of rebellion are a problem to the warders, magistrates and probation officers under whose care he comes.



*The Work of Local Government; Local Government Reviews; The Finance of Local Government; The Rating of Site Values.*

Numbered 1 to 4 in the Conservative Political Centre's Local Government Series, these booklets furnish an elementary but not superficial and a largely objective guide to a subject too much neglected by the citizenry.

*Business Finance*, by F. W. Paish. Pitman; 15s.

This is the second edition of a book published in 1953. It is based on lectures delivered to London University undergraduates and deals with the problem of providing the necessary finance for the improvement and extension of the equipment of the private sector of British industry.

*Intermediate Economic Analysis*, by W. Harrison Carter and William P. Snaevely. McGraw Hill; 54s.

Intended for courses in economic analysis or economic theory, this book is directed to students who have already completed a course in principles.

*Introduction to Statistics for Business Decisions*, by Robert Schlaifer. McGraw Hill; 60s.

The Professor of Business Administration at Harvard University describes the primary objective of his book as "first, to set forth as simply as possible the basic principles of the classical decision theory of Neyman and Pearson; second, to show how this classical theory is completed rather than contradicted

by more recent developments based on the concepts of utility and personal probability". The book is a shorter and simplified version of the author's previous work *Probability and statistics for Business Decision*.

*The Economics of Shipbuilding in the United Kingdom*, by J. R. Parkinson. Cambridge University Press; 40s.

The author examines the present state of the British shipbuilding industry and considers its future prospects. He discusses the organization and growth of the industry, the demand and supply of ships and in the final chapter he assesses the efficiency of the industry. He reaches the conclusion that "productivity is far below what has been shown to be possible by overseas performance". He suggests, however, that it would be wrong to underrate the qualities of the leaders in the industry who with increasing determination and doggedness are preparing the way for new advances by reconstructing their yards.

*The Evolution of Agricultural Co-operation*, by Louis P. F. Smith. Blackwell; 25s.

Farm co-operation is increasingly becoming the method of marketing agricultural produce. The author of this study traces the origin of co-operation, examines the integration of the farm co-operative into society and then goes on to comment on the social and economic aims of co-operative organizations.

### TRUTH ABOUT MONEY

*Economic Tribulation, by Vincent C. Vickers. Omni Publication; \$2.\**

It is interesting to see that this book, first published by The Bodley Head in 1941, has now been reprinted in the U.S.A. by Omni Publications. Vincent Vickers, a Director of the Bank of England for ten years, became one of the foremost critics of the financial system as it operated in the 20's and 30's. He was closely associated with the founding of the Economic Reform Club & Institute in 1936 and he was President of this association until his death in November, 1939.

Everyone who knew V.C.V. admired his selfless devotion to the cause of economic reform and his book, written prior to 1939, remains a testament to the rightness and common-sense of those who protested against the insane financial policies of the 20's and 30's. Equally, it carries a lesson for the 1960's for we still have to give recognition to the underlying truths about money which are so clearly stated in his book. They are as valid today as when written over 20 years ago.

### IT COULD HAPPEN!

*When the Kissing had to Stop, by Constantine Fitzgibbon. Cassell; 16s.*

In spite of its somewhat misleading title, this is a book that should be read by everyone. Set in the modern scene of Ban the Bomb marchers, power-seeking politicians, profit-seeking tycoons and a pleasure-seeking populace, the book gives one the feeling

that the events it covers are now actually happening in the contemporary world. This is a pretty horrifying conclusion, for it means that the nightmare results the author portrays might happen here and this is a far from pleasant thought.

### MONETARY POLICY

*The Pound at Home and Abroad, by Sir Ralph Hawtrey. Longmans Green; 27s. 6d.*

This book is made up of a series of papers published in the Bankers' Magazine dealing with aspects of monetary policy between 1954-59 and papers submitted by the author to the Radcliffe Committee on credit and currency and the Council on Prices, Productivity and Incomes. In his contributions to the Bankers' Magazine, Sir Ralph urges the crucial importance of Bank Rate as an instrument of monetary policy. He also expresses his view that the under-valuation of the pound since devaluation has contributed to our weak balance of payments situation.

In his submission to the Council on Prices, Productivity and Incomes, Sir Ralph strongly criticises the Radcliffe Report for the weakness of its findings which were reduced to futility by their scepticism as the efficiency of the Bank Rate.

### CORRECTION

*A Study of a Master Spy* reviewed on page 154 of our June issue is by Bob Edwards, M.P. and Kenneth Dunne, published by Housman, 5 Caledonian Road, London, N.1.

\*Copies of this book may be obtained through "Commonwealth Digest." 14/6d. (post free).

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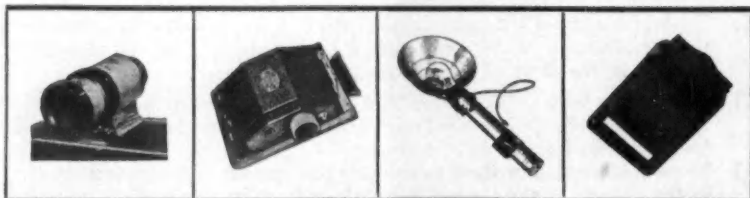
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